

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0464-01
Bill No.: HB 65
Subject: Motor Vehicles; Taxation and Revenue - Sales and Use
Type: Original
Date: February 14, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Elementary and Secondary Education** assume this legislation would have no fiscal impact to their agency.

Officials of the **Office of Administration - Division of Budget and Planning (BAP)** assume this bill would provide a sales tax exemption on the sale of cars more than four years old. According to the Department of Revenue, Office of Legislation, they are attempting to obtain the data needed to estimate the cost of this proposal. Should this information become available, BAP defers to the Department of Revenue estimate. This bill would have no impact on BAP.

Officials of the **Department of Revenue (DOR)** state this legislation creates an exemption from sales and use tax on the purchase of a motor vehicle that is more than four years after the manufacture date. The proposed legislation will have no administrative impact on the Division of Taxation and Collection. However, it will result in an unknown loss of revenue.

Officials of the **Department of Conservation (MDC)** state this legislation creates an exemption from sales and use tax for motor vehicles more than four years old. This proposed legislation would have fiscal impact on MDC funds since there would be a loss of revenue. MDC assumes the amount of the impact is unknown.

Officials of the **Department of Natural Resources** did not respond to our fiscal note request.

ASSUMPTION (continued)

This proposal would reduce Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

Loss - General Revenue

Sales/use tax exemption on MV sales	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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OTHER STATE FUNDS

Loss - Various State Funds

Sales/use tax exemption on MV sales	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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TOTAL ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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Loss - Cities/Counties

Sales/use tax exemption on MV sales	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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TOTAL ESTIMATED NET EFFECT ON LOCAL FUNDS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

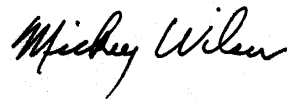
This proposal exempts from state and local sales and use taxes all sales of motor vehicles that occur over four years after the motor vehicle's date of manufacture.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
 Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Conservation

NOT RESPONDING: Department of Natural Resources



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